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U.S. DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

BY De DEPUTY

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

July 2007 Grand Jury **07 CR 2580 — JAH**

UNITED STATES OF AMERICA,	)	Criminal Case No. _____
	)	
Plaintiff,	)	<u>I N D I C T M E N T</u>
	)	
v.	)	Title 21, U.S.C., Secs. 841(a)(1)
	)	and 846 - Conspiracy to Distribute
TIMOTHY EDWARD SMITH (1),	)	Anabolic Steroids; Title 18,
JEFFREY LEE MITCHELL (2),	)	U.S.C., Secs. 1956(h),
THOMAS ROBERT SOUDERS (3),	)	1956(a)(1)(A)(i),
	)	1956(a)(1)(B)(i), and
Defendants.	)	1956(a)(2)(A) - Conspiracy to
	)	Laundry Money; Title 18, U.S.C.,
	)	Sec. 982, Title 21, U.S.C.,
	)	Secs. 853(a) and 853(p) -
	)	Criminal Forfeiture

The grand jury charges:

INTRODUCTORY ALLEGATIONS

At all times pertinent to this indictment:

1. Anabolic steroids are more correctly referred to as anabolic-androgenic steroids, which are a family of compounds that include the male hormone testosterone and a large number of synthetic compounds structurally related to testosterone. The term "anabolic" refers to the positive effect the steroid has on muscle development, while "androgenic" refers to masculinizing effects produced by steroids, such as the growth of body hair and deepening of the voice.

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1        2.    Anabolic steroids are categorized as a Schedule III  
2 Controlled Substance and the Controlled Substances Act defines  
3 "anabolic steroid" as "any drug or hormonal substance, chemically, or  
4 pharmacologically related to testosterone (other than estrogens,  
5 progestins, and corticosteroids) that promote muscle growth."

6        3.    Anabolic steroids are distributed in liquid form, in pill,  
7 capsule, or tablet form, and in other forms such as powders, topical  
8 creams, and patches. Each 0.5 ml of anabolic steroids distributed in  
9 liquid form equals one "unit." One "unit" of anabolic steroids  
10 distributed in pill, capsule, or tablet form means one pill, capsule,  
11 or tablet. For other forms of anabolic steroids, each 25 mg of an  
12 anabolic steroid equals one "unit."

13        4.    The Internet websites such as www.anabolicboard.com,  
14 www.steroidsuperboard.com, and www.outlawmuscle.com are Internet  
15 forums with bodybuilding discussion boards that promote the illicit  
16 distribution and use of anabolic steroids and human growth hormones  
17 by providing a virtual marketplace; by providing information regarding  
18 how individuals should inject or take anabolic steroids; by providing  
19 information how customers and distributors should make payments to  
20 conceal and disguise the nature, identity, ownership and control of  
21 prospective payments and proceeds; by providing information regarding  
22 methods by which customers and distributors could avoid detection by  
23 law enforcement; and by providing information regarding methods how  
24 to thwart efforts by law enforcement to gather information regarding  
25 steroid distributors.

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6. Any individual, company, or corporation intending to import or distribute a Schedule Controlled Substance, such as anabolic steroids, in the United States, must possess a permit issued by the United States Drug Enforcement Administration ("DEA").

CONSPIRACY TO DISTRIBUTE ANABOLIC STEROIDS

[21 U.S.C. §§ 841(a)(1) and 846]

7. The Introductory Allegations contained at Paragraphs 1 through 6 above are hereby re-alleged and restated.

## THE MANNER AND MEANS OF THE CONSPIRACY

In furtherance of this conspiracy and to effect the objects thereof, defendants TIMOTHY EDWARD SMITH, JEFFREY LEE MITCHELL, and THOMAS ROBERT SOUDERS, and others known and unknown to the grand jury, utilized the following manner and means among others:

8. Defendant TIMOTHY EDWARD SMITH, was the owner and operator of US Pharmaceuticals, aka USP, and distributed anabolic steroids along with his associates, defendant JEFFREY LEE MITCHELL, and THOMAS ROBERT SOUDERS.

9. Prospective customers and suppliers of anabolic steroids would contact USP via e-mail at usp@securesnym.net, a website which is subscribed to and paid for by defendant TIMOTHY EDWARD SMITH.

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1        10. Neither defendant TIMOTHY EDWARD SMITH, defendant JEFFREY  
2 LEE MITCHELL, defendant THOMAS ROBERT SOUDERS, US Pharmaceuticals,  
3 aka USP, nor anyone else has sought or received a permit from the DEA  
4 on behalf of US Pharmaceuticals, aka USP, or any other entity, to  
5 import anabolic steroids into the United States or to distribute  
6 anabolic steroids within the United States.

7        11. Defendants TIMOTHY EDWARD SMITH, JEFFREY LEE MITCHELL, and  
8 THOMAS ROBERT SOUDERS, would conspire with each other, and others  
9 known and unknown to the grand jury, to import steroids into the  
10 United States, from places outside thereof, including China and  
11 England.

12        12. Defendants TIMOTHY EDWARD SMITH, JEFFREY LEE MITCHELL, and  
13 THOMAS ROBERT SOUDERS, would order anabolic steroids on behalf of  
14 US Pharmaceuticals, aka USP, via e-mail from suppliers foreign  
15 countries, including China and England. From March 2007 through  
16 July 2007, defendants TIMOTHY EDWARD SMITH, JEFFREY LEE MITCHELL, and  
17 THOMAS ROBERT SOUDERS, ordered approximately eight kilograms of  
18 anabolic steroids on behalf of US Pharmaceuticals, aka USP, via e-mail  
19 from suppliers in China.

20        13. Defendants TIMOTHY EDWARD SMITH, JEFFREY LEE MITCHELL, and  
21 THOMAS ROBERT SOUDERS, would wire money to suppliers of anabolic  
22 steroids in foreign countries to pay for orders of anabolic steroids.

23        14. Foreign sources would send anabolic steroids, ordered by  
24 defendants TIMOTHY EDWARD SMITH, JEFFREY LEE MITCHELL, and THOMAS  
25 ROBERT SOUDERS, on behalf of US Pharmaceuticals, aka USP, to post  
26 office boxes rented by defendant JEFFREY LEE MITCHELL under the names  
27 "ALS" and "Turboheads."

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15. US Pharmaceuticals, aka USP, was listed as an approved source on bodybuilding websites such as www.anabolicboard.com in order to market and distribute anabolic steroids nationally and internationally.

16. US Pharmaceuticals, aka USP, utilized the internet to sell the following anabolic steroids (injectables and tablets) at the following prices:

<u>INJECTABLES</u>	<u>PRICE</u>
Aqua Test 100 10ml	\$40
100mg Testosterone Suspension(Water-Based)	
Boldenolone 300 10ml	\$40
300mg Boldenolone Undecylenate	
CypioTren 350 10ml	\$60
200mg Testosterone Cypionate	
150mg Trenbolone Enanthate	
EnanTren 350 10ml	\$60
200mg Testosterone Enanthate	
150mg Trenbolone Enanthate	
NandroCyp 450 10ml	\$50
250mg Testosterone Cypionate	
200mg Nandrolone Decanoate	
Nandrolone 300 10ml	\$40
300mg Nandrolone Decanoate	
NandroTest 450 10ml	\$50
250mg Testosterone Enanthate	
200mg Nandrolone Decanoate	
Primobolan Depot 100 10ml	\$85
100mg Methenolone Enanthate	
SuperDrol 75 10ml	\$30
75mg SuperDrol(Water-Based)	
Sustanon 250 10ml	\$55
30mg Testosterone Propionate	
60mg Testosterone Phenylpropionate	
60mg Testosterone Isocaproate	
100mg Testosterone Decanoate	
TestaBold 450 10ml	\$40
250mg Testosterone Enanthate	
200mg Boldenolone Undecylenate	

1	TestaTren 200 10ml	\$60
2	100mg Testosterone Propionate	
3	100mg Trenbolone Acetate	
4	TestaTren Plus 275 10ml	\$65
5	100mg Testosterone Propionate	
6	100mg Drostanolone Propionate	
7	75mg Trenbolone Acetate	
8	Testosterone-C 300 10ml	\$35
9	300mg Testosterone Cypionate	
10	Testosterone-E 300 10ml	\$35
11	300mg Testosterone Enanthate	
12	Testosterone-P 100 10ml	\$25
13	100mg Testosterone Propionate	
14	Trenbolone-A 100 10ml	\$55
15	100mg Trenbolone Acetate	
16	Trenbolone-E 250 10ml	\$85
17	250mg Trenbolone Enanthate	
18	Winstrol Depot 50 10ml	\$40
19	50mg Stanozolol (Water-Based)	
20	<u>TABLETS</u>	
21	Anadrol 50 mg/100 count	\$150
22	D-Bol 50 mg/100 count	\$150
23	Turinabol 20 mg/100count	\$150
24	Winstrol 50 mg/100 count	\$150
25	Anavar 25 mg/50 count	\$125
26	Clomid 50mg/50 count	\$50
27	Nolvadex 20mg/50 count	\$50

17. Prospective customers were required to pay USP for anabolic steroids by one of following three methods of payment: (1) by sending payment by wire transfer to an individual in Panama; (2) by transferring funds to an E-Gold account established by defendant THOMAS ROBERT SOUDERS, and (3) by sending United States Currency through the mail to "Midwest Trading & Bullion Exchange" at a post office box rented by defendant THOMAS ROBERT SOUDERS.

18. Defendants TIMOTHY EDWARD SMITH, JEFFREY LEE MITCHELL, and THOMAS ROBERT SOUDERS would make financial transactions with the proceeds of the distribution of the anabolic steroids to promote the

1 steroid trafficking activity and to conceal and disguise the nature,  
2 location, source, ownership, and control of the proceeds. From  
3 January 2005 through February 2007, defendant TIMOTHY EDWARD SMITH  
4 deposited more than \$143,000 in cash proceeds from the distribution  
5 of anabolic steroids into his bank accounts.

6 CONSPIRACY TO DISTRIBUTE ANABOLIC STEROIDS

7 19. Beginning on a date unknown to the grand jury and  
8 continuing up to the date of this Indictment, within the Southern  
9 District of California, and elsewhere, defendants TIMOTHY EDWARD  
10 SMITH, JEFFREY LEE MITCHELL, and THOMAS ROBERT SOUDERS did knowingly  
11 and intentionally conspire together with each other and with other  
12 persons known and unknown to the grand jury to distribute more than  
13 1 kilogram (approximately 40,000 units) of anabolic steroids, all  
14 Schedule III Controlled Substances; in violation of Title 21, United  
15 States Code, Sections 846 and 841(a)(1).

16 Count 2

17 CONSPIRACY TO LAUNDER MONEY

18 [18 U.S.C. §§ 1956(h), 1956(a)(2)(A) (International Promotion),  
19 1956(a)(1)(A)(i) (Promotion) and 1956(a)(1)(B)(i) (Concealment)]

20 19. The Introductory Allegations contained at Paragraphs 1  
21 through 6, and the Manner and Means at paragraphs 8 through 18 are  
22 hereby re-alleged and restated.

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1       20. Beginning on a date unknown to the grand jury and  
2 continuing up to the date of this Indictment, within the Southern  
3 District of California, and elsewhere, defendants TIMOTHY EDWARD  
4 SMITH, JEFFREY LEE MITCHELL, and THOMAS ROBERT SOUDERS did knowingly  
5 conspire with others known and unknown to the grand jury -

6       a) to knowingly transmit and transfer monetary instruments and  
7 funds from a place in the United States to a place outside  
8 thereof, to wit, China and England, affecting foreign  
9 commerce, with the intent to promote the carrying on of  
10 specified unlawful activity, to wit, the distribution of  
11 anabolic steroids; in violation of Title 18, United States  
12 Code, Section 1956(a)(2)(A); and

13       b) to knowingly conduct a financial transaction which involved  
14 the proceeds of specified unlawful activity, to wit, the  
15 distribution of anabolic steroids, affecting interstate  
16 commerce, knowing that the property involved in the  
17 financial transaction represented the proceeds of some form  
18 of unlawful activity, with the intent to promote the  
19 carrying on of specified unlawful activity, to wit, the  
20 distribution of anabolic steroids; in violation of  
21 Title 18, United States Code, Section 1956(a)(1)(A)(i); and

22       c) to knowingly conduct a financial transaction which involved  
23 the proceeds of specified unlawful activity, to wit, the  
24 distribution of anabolic steroids, affecting interstate  
25 commerce, knowing that the property involved in the  
26 financial transaction represented the proceeds of some form  
27 of unlawful activity, and knowing that such transaction was  
28 designed in whole or in part to conceal and disguise the



1 nature, location, source, ownership, and control of the  
2 proceeds of a specified unlawful activity, to wit, the  
3 distribution of anabolic steroids; in violation of  
4 Title 18, United States Code, Section 1956(a)(1)(B)(i).  
5 All in violation of Title 18, United States Code, Section 1956(h).

6 FORFEITURE ALLEGATIONS

7 1. The allegations contained in Counts 1 and 2 and realleged  
8 and by reference fully incorporated herein for the purpose of alleging  
9 forfeiture to the United States of America.

10 2. As a result of the commission of the felony offense  
11 alleged in Count 1, said violation being punishable by imprisonment  
12 for more than one year, and pursuant to Title 21, United States Code,  
13 Section 853(a)(1), defendants TIMOTHY EDWARD SMITH, JEFFREY LEE  
14 MITCHELL, and THOMAS ROBERT SOUDERS, shall, upon conviction forfeit  
15 to the United States, all rights, title, and interest in any and all  
16 property obtained directly or indirectly as a result of said  
17 violations, including, but not limited to \$147,000 which represents  
18 the proceeds received by defendant TIMOTHY EDWARD SMITH and US  
19 Pharmaceuticals, aka USP, between May 2007 and July 2007, for the  
20 distribution of anabolic steroids, Schedule III Controlled Substances.  
21 All in violation of Title 21, United States Code, Section 853.

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1        3. As a result of the commission of the felony offenses  
2 alleged in Count 1, said violation being punishable by imprisonment  
3 for more than one year, and pursuant to Title 21, United States Code,  
4 Section 853(a)(2), defendants TIMOTHY EDWARD SMITH, JEFFREY LEE  
5 MITCHELL, and THOMAS ROBERT SOUDERS, shall, upon conviction forfeit  
6 to the United States, all rights, title, and interest in any and all  
7 property used, or intended to be used, in any manner or part, to  
8 commit, or to facilitate the commission of the violations alleged in  
9 Count 1 of this Indictment.

10 All in violation of Title 21, United States Code, Section 853.

11        4. As a result of committing the money laundering offense  
12 charged in Count 2, said violation being punishable by imprisonment  
13 for more than one year, and pursuant to Title 18, United States Code,  
14 Section 982(a)(1), defendants TIMOTHY EDWARD SMITH, JEFFREY LEE  
15 MITCHELL, and THOMAS ROBERT SOUDERS shall, upon conviction, forfeit  
16 to the United States all property, real and personal, involved in the  
17 aforesaid offenses and all property traceable to such property, for  
18 which the defendants TIMOTHY EDWARD SMITH, JEFFREY LEE MITCHELL, and  
19 THOMAS ROBERT SOUDERS are liable.

20        5. If any of the above-described forfeitable property, as a  
21 result of any act or omission of the defendants -

- 22            (1) cannot be located upon the exercise of due diligence;  
23            (2) has been transferred or sold to, or deposited with, a  
24            third person;  
25            (3) has been placed beyond the jurisdiction of the Court;  
26            (4) has been substantially diminished in value; or

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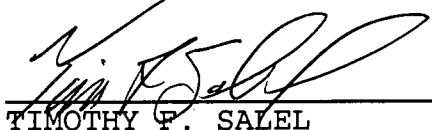
1 (5) has been commingled with other property which cannot  
2 be subdivided without difficulty;  
3 it is the intent of the United States, pursuant to Title 21, United  
4 States Code, Section 853(p), and Title 18, United States Code,  
5 Section 982(b), to seek forfeiture of any other property of the  
6 defendants up to the value of said property listed above as being  
7 subject to forfeiture.

8 DATED: September 18, 2007.

9 A TRUE BILL:

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11 \_\_\_\_\_  
12 Foreperson

13 KAREN P. HEWITT  
14 United States Attorney

15 By:   
16 TIMOTHY F. SALEL  
17 Assistant U.S. Attorney  
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